
Board Action Bulletin



Prepared by the Office of Public & Congressional Affairs

NCUA BOARD ACTIONS TAKEN NOVEMBER 20, 2003

NCUA approves 2004 budget of \$149, 927, 592

The NCUA Board approved a 2004 budget of \$149,927,592, a 2.63 percent increase over the 2003 budget as the agency trims expenses. Full-time staff will decline from 971 to 963 positions in 2004, primarily because of the regional realignment with the Concord office move to Tempe and Chicago office closure.

The bulk of 2004 NCUA budget increases are attributed to \$3.3 million for a scheduled 4.1 percent pay increase, \$1.3 million for added administrative costs, and \$1.4 million for additional contracted services.

NCUA reduces 2004 operating fee by 6.81 percent

The NCUA Board reduced 2004 federal credit union operating fees by 6.81 percent based on the agency's budget needs of \$58.43 million while the operating fee scale was adjusted 10 percent based on expected 10 percent asset growth in federal credit unions during 2003.

NCUA is financed by the operating fees federal credit unions submit annually combined with the overhead transfer allocation supplied by the National Credit Union Share Insurance Fund. Credit unions under \$500,000 in assets pay no operating fees.

Overhead transfer method refined and rate reduced to 59.8 percent

The NCUA Board reduced the 2004 overhead transfer rate from 62 to 59.8 percent based on a refined method of calculation that takes into account, among other variables, the value to the NCUSIF of the insurance-related work performed by state regulators.

The National Credit Union Share Insurance Fund overhead transfer is a mechanism for funding NCUA based on attributing insurance expenses to the agency's total operating costs.

Adopting a more comprehensive, annual approach, the refined method of calculating the NCUSIF overhead transfer amount now takes into account:

- Improved time surveys submitted by NCUA examiners tracking actual time spent on insurance related activities.
- Value of insurance-related work performed by state supervisory authorities.

- Cost of NCUA resources and programs with different allocation factors from the examination and supervision program.
- Distribution of insured shares between federal and federally insured state-chartered credit unions.
- Operational costs charged directly to the NCUSIF.

NCUA Annual Performance Plan 2004 adopted

The Board approved the NCUA Annual Performance Plan, which serves as the agency's annual operating plan and roadmap for 2004. It was developed considering input from credit union community stakeholders, market conditions, emerging issues and trends and performance planning regulatory guidance. The annual performance plan is developed jointly by the regional and central offices and serves as an essential tool in support of program operations and the budget process. Plus, the Annual Performance Plan 2004 supports and serves as a means to update NCUA's 2003-2008 Strategic Plan.

Votes are unanimous unless otherwise indicated.